

Kentucky participates in national consumer education kick-off

Kentucky Office of Insurance (KOI) Executive Director Julie Mix McPeak (below) participated in the national kick-off event for an ongoing consumer education effort, Insure U, sponsored by the National Association of Insurance Commissioners (NAIC). The event was held April 24 at the New York Public Library.

The new effort, Insure U for Small Businesses, covers a number of topics including commercial auto, group life, key person, property, liability, workers' compensation and home-based business insurances.



Research conducted by the NAIC in March revealed that many small businesses — defined by the survey as those with fewer than 100 employees — are exposed to serious risks that could be lessened by a better understanding of insurance options. Key findings of the research show:

- Only 47 percent of small businesses offer health insurance to their employees. Of those, 24 percent report changing the fee structure, deductibles or other components in the past year to offset the rising cost of premiums.
- Only 59 percent of small businesses with fewer than 20 employees have workers' compensation insurance, which state law requires for most companies. Workers' compensation insurance protects business owners from claims by employees who experience a work-related injury or illness.
- Only 35 percent of small businesses have business interruption insurance, which covers expenses like payroll and utility bills that often continue after a major event (e.g., a fire or storm) shuts down a company. Because rebounding from a disaster can take a considerable amount of time, small businesses need to understand this risk and the available insurance options.

- Only 48 percent of small businesses carry commercial auto insurance. The others apparently rely on personal auto insurance. However, personal auto insurance policies typically have lower liability limits and may even exclude business-related liability.
- While 71 percent of small businesses say they are very dependent on one or two key people for their success and viability, only 22 percent have key person life insurance, a type of policy that enables a business to weather the death of a key employee or buy out the key person's heirs if ownership rights are involved.
- Among home-based businesses — 22 percent of the NAIC survey — 48 percent depend on their homeowners insurance to protect their businesses. However, most homeowner policies severely limit coverage of business property and may totally exclude business-related liability claims.

The U.S. Treasury's Financial Literacy and Education Commission has made the Insure U program part of its National Financial Education Network.

In addition to launching Insure U for Small Business, the NAIC and member states are expanding efforts to help insurance consumers avoid being taken advantage of by insurance scams. Fighting fake insurance is the focus of newly updated English- and Spanish-language television public service announcements.

Consumers are reminded to call KOI at 800-595-6053 prior to purchasing an insurance policy to confirm that they are dealing with a company or agent authorized to do business in the state.

For more information about insurance, consumers can visit www.InsureUonline.org or, for the Spanish-language version, www.InsureUonline.org/espanol.